

THE POS THAT REFRESHES

Expanding your point-of-sale software capabilities can revitalize the bottom line

By Liz Massey

Running retail business can resemble a jigsaw puzzle; all the pieces have a place. However, with all the seasonal, styles and fit factors inherent in operating swimwear and specialty apparel stores, the puzzle seems more like a Rubik's Cube.

Questions retailers must answer seem endless: Which styles should I carry this season? How many color multipliers? Should I carry licensed brands or a house label from a particular manufacturer? Do I have enough tankinis to last through the month? I seem to have a lot of people buying two-pieces – would a separates section drive up sales?

"With swimwear, because of its seasonal nature and the many styles, retailers have thousands of decision points each month," says Bryan Burd, product manager at software manufacturer Retail Technologies International. "For many people, that's just too much information to try and keep in their heads."

Point-of-sale software programs capture information from sales transactions and make it useful. During the past few years, they've evolved from simply recording data from electronic cash registers, to being able to dissect vital information that can be used to create marketing campaigns and give small retailers an edge in terms of customer satisfaction.

These programs also permit retailers to integrate inventory control software, so they can track best-selling items, configure future vendor shipments and resolve overstocking or understocking problems.



In the beginning...

According to Burd, whose employer produces Retail Pro POS, the most basic features on a POS hardware-software system are their abilities to ring up sales, calculate taxes and take legal tender from customers. A typical hardware set up includes a personal computer with a cash drawer, a terminal screen, a printer, a check and credit card reader.

Once information is collected during a sale, usually via a barcode scanner at the cash wrap, the data can be used to project sales trends, check the effectiveness of promotions or update accounting programs with minute-by-minute transaction reports.

Tracking trends

While a good POS system is a plus for any retailer that wants detailed sales data, the real power comes when point-of-sale software is integrated with inventory control. Jeff Haefner, a retail software consultant and the author of *The POS Software Buyers Guide*, says the synergy provided by linking the two functions is often the reason a retailer switches from an electronic cash register to a fully integrated POS-Inventory system. "(Integrated) POS software can simplify inventory management, and reduce inventory costs," he says.

Haefner adds that because the systems show product entering and leaving the store, the proprietor can generate reports that instantly show merchandisers which items are moving within a department or storewide. They also can track special orders and layaways automatically.

Buyers have the ability to drop purchases from trade shows into future inventory right from a show floor by logging onto POS software remotely, Burd says. They also can set shipping dates, price breaks and other details up to a year in advance.

Store managers can see how much of a given product in their inventory is committed for customer holds, sales orders or transfers among stores in a chain, he adds.

Separates Agreement

Integrated POS-inventory systems relieve retailers from the guessing game they play when introducing separates into their two-piece assortment. Burd says other merchants also have faced the “package versus individual parts” question, and POS software can be configured to handle the problem.

“Each item (in a set of separates) is tracked individually,” Burd says. “POS software (lets you) designate that if the



“If the customer buys only a medium bottom, the system can be set to upsell a medium top.”

items are purchased together, they receive a discount, or you can link them by style.”

He adds that POS systems can be programmed to remind sales staff of add-on sales opportunities. “If the customer buys only a medium bottom, the system can be set to upsell a medium top.”

Having the ability to calculate the precise relationship between sales transactions and inventory levels also helps retailers order proper levels of separates, if customers are buying tops and bottoms in different sizes, or if they are buying more tops than bottoms, Burd continues. “If your sales report shows that you’re selling one small and three medium tops a week, the auto-ordering feature will suggest that you buy three times as many mediums to keep enough in stock to meet current demand.”

Another swimwear-specific issue integrated POS-Inventory systems can handle is that one suit may come in a multitude of colors or patterns. According to Haefner, some POS systems can transcend this challenge with specialized “matrixing” features that allow users to create a table (or matrix) for each item, so buyers can choose the correct color or pattern without adding extra inventory into the POS database. Without the use of a matrix, it would be difficult to enter and track everything accurately, Haefner warns.

Another useful inventory feature in some integrated POS-Inventory systems is “open to buy” forecasting, which is

a function that enables retailers to forecast inventory each month based on current sales data. This function is especially important for retailers of seasonal products, he says.

Marketing Manpower

Integrated POS systems can provide a marketing gold mine for retailers willing to learn how to use the programs to capture customer preference data. Burd estimates that only 30 percent to 40 percent of retailers who use a POS system know how to exploit the marketing features, which include generating customer mailings, using the customers’ buying histories; or using preferred customer selection tools, which can identify key groups of customers, such as employees, wholesale accounts or long-standing clientele in order to provide special pricing and other incentives.

Haefner agrees the systems are not being used to their fullest, and if they were, their marketing capacity could result

in more return customers and increased sales. POS systems can help marketing campaigns by monitoring sales trends after a promotion is rolled out or by using customer tracking modules to create

merchandise-related birthday cards or flyers listing monthly specials, he says. The options are available because of the systems’ abilities to capture customer mailing and purchasing data.

“Your customer list is probably the single most powerful (and most overlooked) marketing tool you have available,” Haefner says.

Selecting a Vendor

With hundreds of POS retail programs available, selecting a system can be a bewildering process. On his Web site, www.possoftwareguide.com, Haefner outlines several crucial strategies to consider when POS shopping.

- **Hire a POS specialist to help select your system.** “Computer consultants are great sources for information about computers, hardware, and networking, but they don’t usually understand the intricacies of POS software and retail management,” Haefner says.
- **Buy from a company you trust.** “When you invest in point of sale software, you’re buying a relationship, not just a product,” he says.
- **Have the right staff members evaluate POS programs.** Point of sale programs are complicated, interacting with accounting, marketing, purchasing and many other facets of a business. Since finding the right program for a given business is so crucial, the person who evaluates the software

must have in-depth knowledge about a retailer's business.

• **Build – and buy from – a shopping list.**

Every POS system is different. Some are designed for large ticket items like farm tractors, and others are designed to work in fast moving retail environments like a grocery store. The sheer numbers of industry-specific software packages necessitates that retailers properly analyze the needs of their business.

In his book, Haefner includes a detailed comparison chart that retailers can use to evaluate more than 400 common features, create a request for proposal document to send to software vendors, or create a checklist.

Basic Training

Another factor in ensuring that a POS system will reap a return on its investment is proper training. Haefner says that on-site, classroom, telephone or Internet training is recommended, adding that computer-based training through self-paced CD-ROM, video or Internet tutorials are commonplace but not as effective.

“The retailers I’ve seen take this route experience poor results,” he says. “Sometimes they are happy with the software, but they aren’t using it right.

“Once several staff members are versed in the software, computer-based software instruction makes more sense,” Haefner continues.

Burd adds that Retail Pro is sold through resellers, who work with retailers to set up customized reports unique to the business and to ensure all parts of a business's POS hardware and software function together flawlessly. Setting up POS software isn't like a typical computer program, because so many aspects of the software are dependent on a retailer's respective needs.

“They (the resellers) are one-stop providers,” Burd says. “They can go over the clients' reporting needs and come up with the 10 reports they need to see, then

set the system up to run those reports automatically on a daily or weekly basis.”

Forward March

Technological advances promise to make POS systems even more powerful tools for swim and resort retailers in the future. Advances in POS technology include increasing the availability of sophisticated systems at lower costs to small retailers and the ability for small businesses to implement customer-

relations management programs such as loyalty cards.

“It's very inexpensive now for retailers to have their own loyalty and gift card programs,” Burd says. “These will continue to impact smaller and smaller retailers.”

Managing supply and demand in business continues to be a challenge, but POS systems can help solve the puzzles by deciphering the mind-twisting decisions retailers face. †